

# Smartlink US Dollar Managed Fund

## December 2017



BLOOMBERG: AZUSMGD:IJ

### INVESTMENT OBJECTIVE

The objective of the fund is to provide relatively stable income with capital preservation for the long term in U.S. Dollars.

### INVESTMENT STRATEGY

To achieve the investment objective, this fund shall be invested 0-20% in short-term instruments (such as deposits), and 80-100% in the medium-or long-term instruments (such as government bonds, corporate bonds, and / or fixed-income funds), in U.S. Dollars.

### PERFORMANCE INDICATOR

#### Return Performance

Last 1-year Period **7.74%**  
 Best Month **9.61%** Dec-08  
 Worst Month **-10.66%** Oct-08

#### Portfolio Breakdown

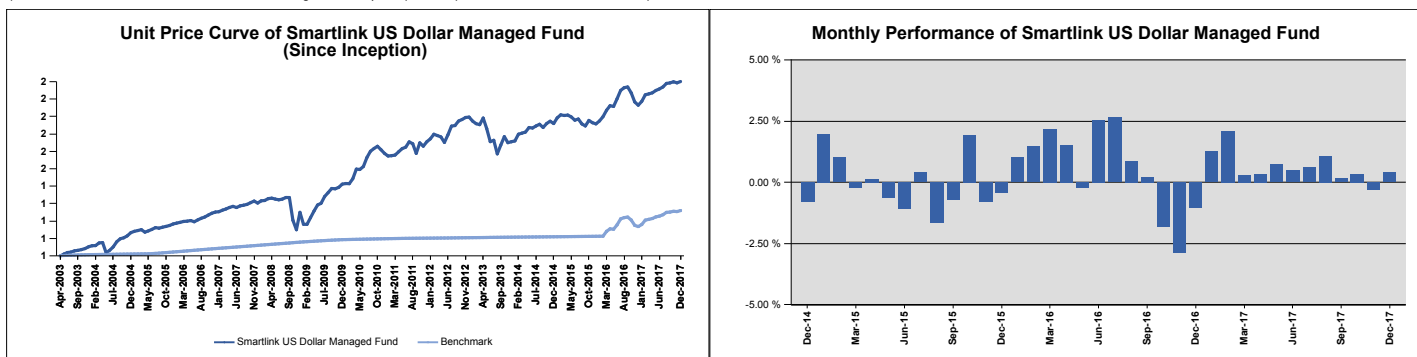
Treasury Bonds  
 Govt. Related Bond  
 Cash/Deposit

#### Top Five Bonds Holding

**75.28%** Pertamina 2022 **13.85%**  
**17.05%** RI0038 **5.82%**  
**7.67%** RI0521 **5.21%**  
 RI0727 **5.01%**  
 RI0124 **4.63%**

|                                  | 1 Month      | 3 Months     | 6 Months     | 1 Year       | 3 Years       | YTD          | Since Inception |
|----------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|-----------------|
| Smartlink US Dollar Managed Fund | <b>0.40%</b> | <b>0.42%</b> | <b>2.30%</b> | <b>7.74%</b> | <b>14.63%</b> | <b>7.74%</b> | <b>112.31%</b>  |
| Benchmark*                       | <b>0.51%</b> | <b>0.76%</b> | <b>2.86%</b> | <b>8.69%</b> | <b>15.06%</b> | <b>8.69%</b> | <b>29.11%</b>   |

\*80% Bloomberg USD Emerging Market Indonesia Sovereign (BEMSID) Index and 20% Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank)  
 (Benchmark assessment; before Mar 2016: Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank)



### KEY FUND FACTS

**Fund Size (in mio USD)** : USD 61.34  
**Risk Profile** : Moderate  
**Launch Date** : 07 Apr 2003  
**Fund Currency** : United States Dollar  
**Managed by** : PT Asuransi Allianz Life Indonesia

**Pricing Frequency** : Daily  
**Price per Unit** **Bid**  
**(As of Dec 29, 2017)** : USD 2.0169 **Offer**  
**Bid-Offer Spread** : 5.00%  
**Management Fee** : 1.00% p.a.

### MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Dec 2017 inflation at +0.71% mom (vs consensus inflation +0.45%, +0.20% in Nov 2017). On yearly basis, inflation was higher to +3.61%yoy (vs consensus inflation +3.35%, +3.30% in Nov 2017). Core inflation was printed at +2.95%yoy (vs consensus inflation +3.07%, +3.05% in Nov 2017). The increasing inflation is primarily attributable to inflation of volatile food group and administered prices group amidst the low core inflation. In the Board of Governors' Meeting on 14 Dec 2017, Bank Indonesia maintained the BI 7-day Reverse Repo Rate at 4.25%, while maintaining the Deposit Facility (DF) and Lending Facility (LF) rates at 3.50% and 5.00% respectively. Rupiah depreciated by -0.25% to 13,548/USD at end of Dec 2017 from 13,514/USD in previous month. Trade balance booked surplus of USD 0.13bn (non-oil and gas surplus USD 1.27bn, oil and gas deficit USD 0.96bn) in Nov 2017. Export rose by +13.18% YoY mostly driven by animal fats and vegetable oil, while imports rose by +19.62% YoY. Indonesia's foreign exchange reserve in Dec 2017 reached the highest recorded in 2017 at USD130bn. This significant increase in foreign exchange reserves from Nov 2017 (USD125.97bn) and Dec 2016 (USD116.4bn) is attributed to the issuance of Global Bonds, which was used for 2018 pre-funding that reached USD4bn.

USD government bond yields closed unchanged to lower across the curve in Dec 2017 on the back of foreign buying following the rating upgrade by Fitch after the credit rating agency upgraded Philippines to BBB (stable outlook), despite US Fed rate hike by 25 bps to a range 1.25-1.50, the move by US Fed that widely expected by investors. Indonesia's CDS 5yr level was better from 92/95 to 84/87. The 5Y yield Dec 2017 ended flat to 2.97% (2.97% in Nov 2017), 10yr tenor ended -4bps lower to 3.58% (3.62% in Nov 2017), and 30yr ended -9bps lower to 4.43% (4.52% in Nov 2017).

In regards to our recent portfolio we maintain the strategy, and will opportunistically add weight from fresh money should there be a correction in the fixed income market.